

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 95-1053-C - ORDER NO. 95-1483 ✓  
AUGUST 30, 1995

IN RE: Application for Authority to Transfer     ) ORDER  
Control of Corporate Telemanagement         ) APPROVING  
Group, Inc. to LCI International, Inc.        ) CERTIFICATE  
and LCI Telemanagement Corporation.         ) AND ACQUISITION

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Joint Application of LCI International, Inc. (LCII), LCI International Telecom Corporation (LCI Telecom), LCI Telemanagement Corporation (LCI Telemanagement), and Corporate Telemanagement Group, Inc. (CTG)(referred to collectively herein as Applicants) requesting a Certificate of Public Convenience and Necessity authorizing LCI Telemanagement to operate as a reseller of telecommunications services and requesting approval of the merger of LCI Telemanagement and CTG. The Joint Application also requests the cancellation of CTG's Certificate of Public Convenience and Necessity and the withdrawal of CTG's tariff currently on file with the Commission. The Joint Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1993) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed the Applicants to publish, one time, a prepared Notice of Filing in newspapers of

general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of the Applicants' Joint Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Applicants complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed in this matter.

A public hearing was commenced on August 21, 1995, at 11:00 a.m., in the Commission's Hearing Room. The Honorable Rudolph Mitchell, Chairman, presided. The Applicants were represented by Faye A. Flowers, Esquire. F. David Butler, General Counsel, represented the Commission Staff.

Mr. Scott McMahon, Regulatory Attorney for LCII, appeared and offered testimony in support of the Joint Application. Mr. McMahon explained LCI Telemanagement's request for authority to provide interexchange telecommunications services in South Carolina as a non-facilities based carrier and LCII's request to acquire all of the assets of CTG and merge CTG with and into LCI Telemanagement, with LCI Telemanagement being the surviving entity. As Mr. McMahon testified, LCI Telemanagement would then provide telecommunications services to the former customers of CTG. Mr. McMahon assured the Commission that the merger would be made in seamless fashion with no adverse affect on CTG's former customers because of LCI Telemanagement's intent to "adopt" the substance of CTG's tariff currently on file with and approved by the Commission. Thus, LCI Telemanagement will offer, without any

interruption in service, identical service at identical rates to that formerly provided by CTG. Mr. McMahon also described LCI Telemanagement's proposed services, its managerial, technical, and financial resources, and its marketing procedures. Finally, Mr. McMahon assured the Commission that LCI Telemanagement will provide its services in compliance with the Commission's Rules and Regulations.

After full consideration of the applicable law, the Joint Application, and the evidence presented at hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. LCII is a publicly-held Delaware corporation licensed to do business as a foreign corporation in South Carolina.

2. LCI Telecom is a Delaware corporation, which is wholly owned by LCII and is licensed to do business as foreign corporation in South Carolina. LCI Telecom is currently certificated by the Commission to provide interexchange telecommunications services in South Carolina.

3. LCI Telemanagement Corporation is a Delaware corporation which is wholly owned by LCII and is licensed to do business as foreign corporation in South Carolina.

4. CTG is a privately-held South Carolina corporation which is currently certificated by the Commission to provide interexchange telecommunications services in South Carolina.

5. LCI Telemanagement wishes to merge with CTG and operate as a non-facilities based reseller of interexchange services

providing its services to CTG's former customers and other customers in South Carolina.

6. LCI Telemanagement and its related entities have the experience, capability, and financial resources to provide the services described in its Joint Application.

7. Because CTG will cease to exist if the merger with LCI Telemanagement is approved, the Applicants also wish to cancel the Certificate of Public Convenience and Necessity issued to CTG and to withdraw CTG's tariff currently on file with the Commission.

8. Because LCI Telemanagement intends to adopt the rates, services and terms of CTG's current tariff, the merger will not affect CTG's customers.

#### CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to LCI Telemanagement to provide interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other service authorized for resale by tariffs of other carriers approved by the Commission and, in particular, the tariff of CTG.

2. The Commission adopts a rate design for LCI Telemanagement for its resale services which includes maximum rate levels for each tariff charge. A rate structure incorporating

maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 94-622, issued in Docket No. 84-10-C (August 2, 1994).

3. LCI Telemanagement shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. LCI Telemanagement shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1993).

4. LCI Telemanagement shall file its revised maximum tariff and accompanying price list, which should be substantially the same as to rates and services as the current tariff to CTG, within thirty (30) days of the date of this Order. The revised tariff shall be consistent with the findings of this Order and shall include any changes which LCI Telemanagement agreed to include in

its tariff. Further, the tariff shall be filed with the Commission in a loose-leaf binder.

5. LCI Telemanagement is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that, for access purposes, resellers should be treated similarly to facilities-based interexchange carriers.

6. With regard to the LCI Telemanagement's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if they so desire.

7. LCI Telemanagement shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If LCI Telemanagement changes underlying carriers, it shall notify the Commission in writing.

8. With regard to completion of any intraLATA toll calls, LCI Telemanagement shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

9. LCI Telemanagement shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. Further, the acquisition of CTG by LCII, or one of its related subsidiaries, and the merger of CTG with, and into, LCI Telemanagement is approved.

11. After the merger is completed, CTG will cease to exist

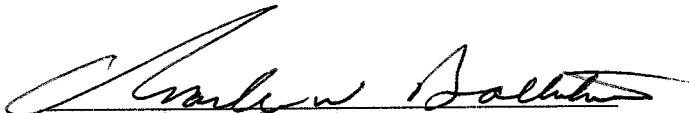
and LCI Telemanagement will be the surviving entity. Therefore, the Certificate of Public Convenience and Necessity previously granted to CTG is cancelled and CTG's current tariff is considered withdrawn, both as of the effective date of the merger.

12. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)

DOCKET NO. 95-1053-C - ORDER NO. 95-1483  
AUGUST 30, 1995  
ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS  
FOR INTEREXCHANGE COMPANIES AND AOS'S

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS\* FOR 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

\*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION, MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

- (4) PARENT'S CAPITAL STRUCTURE\* AT DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

\*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).

SIGNATURE

NAME (PLEASE TYPE OR PRINT)

TITLE